

The Clearing House Urges Better Public-Private Coordination to Bolster Anti Money Laundering Efforts

TCH offers recommendations to CPMI on its consultative report on correspondent banking

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Washington D.C. – December 8, 2015 – Late yesterday, The Clearing House (TCH) provided recommendations to the Committee on Payments and Market Infrastructures (CPMI) in [response](#) to CPMI’s recent report on concerns about the safe and efficient functioning of the correspondent banking market and potential measures to improve the correspondent banking environment. In its letter, TCH agreed that technical improvements to information sharing and similar anti-money laundering and counterterrorism financing tools may be helpful in improving access to correspondent banking services. However, TCH also stressed that it is just as important that policymakers and banks work together to better and more clearly define the roles and responsibilities of various stakeholders – including governments, supervisors and banks – for detecting, reporting and preventing money laundering through the global correspondent banking network.

CPMI, an international standard-setting body that is part of the Bank for International Settlements, issued its consultative report in October and sought public input on a series of technical recommendations that might improve the efficiency of procedures, reduce compliance costs, and help address perceived uncertainty.

"The CPMI’s focus on technical measures that might better facilitate the provision of correspondent banking services is helpful, but represents only part of the solution to a very complex problem," said Jeremy Newell, General Counsel of The Clearing House Association. "This is not a simple question of compliance costs. What is also needed is for the public and private sectors to collectively reconsider regulatory requirements and supervisory expectations that are not reducing systemic AML/CFT risk but increasingly making it difficult, and in some cases effectively impossible, for correspondent banks to serve certain kinds of customers and markets."

In the letter, TCH provided comments on the various technical measures recommended by CPMI, but it also called for concrete anti-money laundering and countering the financing of terrorism ("AML/CFT") reforms that would enable correspondent banks to more fully rely on:

- (i) the regulation and supervision of the AML/CFT programs of their respondents (both domestic and foreign) by home country supervisors, so that correspondents do not have to act as the *de facto* supervisor of their respondents, which is becoming a U.S. supervisory expectation,
- (ii) the accuracy and completeness of payment information provided by originating and beneficiary banks, and
- (iii) KYC and other AML/CFT information provided by utilities.

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